

OPEN MEETING

M E M O R A N D U M

TO: THE COMMISSION

FROM: Elijah O. Abinah
Director
Utilities Division

DATE: February 23, 2023

RE: IN THE MATTER OF ESTABLISHING A COMMISSION POLICY FOR THE
DEVELOPMENT AND INTEGRATION OF COMPETITIVE COMMUNITY
SOLAR AND COMMUNITY ENERGY STORAGE PROJECTS IN ARIZONA.
(DOCKET NO. E-00000A-22-0103)

INTRODUCTION

Enclosed are the Commission Staff's memorandum and proposed order for Establishing a Commission Policy for the Development and Integration of Competitive Community Solar and Community Energy Storage Projects in Arizona (Docket No. E-00000A-22-0103). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission may decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendations of the proposed order by efilng at <https://efiling.azcc.gov/> or filing an original and the appropriate number of copies in accordance with the Filing Requirements available at <http://azcc.gov/hearing/docket-control-center-filing-requirements>, with the Commission's Docket Control on or before **March 7, 2023**.

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled **March 7, 2023, and March 23, 2023**.

If you have any questions about this matter, please contact Cameron Nance of our Staff at (602) 542-4227, or Elijah Abinah, Director, at (602) 542-6935.

BACKGROUND

On November 22, 2022, in Decision No. 78784 (the "Decision"), the Commission ordered Utilities Division Staff ("Staff") to work with stakeholders to develop a statewide policy ("Policy") to include the items listed in Finding of Fact No. 38 from the Decision for Commission consideration at the January 2023 Open Meeting.

On December 22, 2023, Staff requested Stakeholder comments on Finding of Fact No. 38 from the Decision to be filed into the Docket by January 31, 2023.

On January 23, 2023, in Decision No. 78846, the Commission extended the deadline for Staff to submit the Policy to the March 2023 Open Meeting.

Several parties filed comments regarding Finding of Fact No. 38:

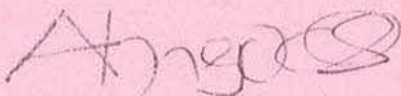
- AriSEIA, Solar Stakeholders
<https://docket.images.azcc.gov/E000023855.pdf?i=1676994855474>
- Residential Utility Consumer Office
<https://docket.images.azcc.gov/E000023912.pdf?i=1676994855474>
- Grand Canyon State Electric Cooperative Association
<https://docket.images.azcc.gov/E000023927.pdf?i=1676994855474>
- State Regulatory Strategy and Compliance, Arizona Public Service Company
<https://docket.images.azcc.gov/E000023930.pdf?i=1676994855474>
- Wildfire
<https://docket.images.azcc.gov/E000023932.pdf?i=1676994855474>
- Tucson Electric Power Company
<https://docket.images.azcc.gov/E000023965.pdf?i=1676994855474>

STAFF ANALYSIS AND RECOMMENDATION

In crafting a Policy for the State of Arizona, Staff reviewed stakeholder comments and analyzed all filings in the Docket as well as thoroughly reviewed applicable State of Arizona regulations, laws, and community solar and storage policies in other jurisdictions.

Staff recommends that the structure for the Policy should protect the public interest, seek widespread adoption among low and moderate income ratepayers, provide Commission oversight, and protect non-participating ratepayers from cross-subsidization.

Attached to the Order as Attachment A is Staff's recommendation for the Arizona Corporation Commission Policy Statement regarding Statewide Community Solar and Storage for Commission consideration.



Elijah O. Abinah
Director
Utilities Division

EOA:CCN:jn\KMU

ORIGINATOR: Cameron Nance

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 JIM O'CONNOR

Chairman

3 LEA MÁRQUEZ PETERSON

Commissioner

4 ANNA TOVAR

Commissioner

5 KEVIN THOMPSON

Commissioner

6 NICK MYERS

Commissioner

7 IN THE MATTER OF ESTABLISHING A)
8 COMMISSION POLICY FOR THE)
9 DEVELOPMENT AND INTEGRATION OF)
10 COMPETITIVE COMMUNITY SOLAR AND)
COMMUNITY ENERGY STORAGE)
11 PROJECTS IN ARIZONA)

DOCKET NO. E-00000A-22-0103

DECISION NO. _____

ORDER

12 Open Meeting
13 March 7 and 23, 2023
Phoenix, Arizona

14 BY THE COMMISSION:

15 FINDINGS OF FACT

16 **Background**

17 1. On November 22, 2022, in Decision No. 78784 (the "Decision"), the Commission
18 ordered Utilities Division Staff ("Staff") to work with stakeholders to develop a statewide policy
19 ("Policy") to include the items listed in Finding of Fact No. 38 from the Decision for Commission
20 consideration at the January 2023 Open Meeting.

21 2. On December 22, 2023, Staff requested Stakeholder comments on Finding of Fact
22 No. 38 from the Decision to be filed into the Docket by January 31, 2023.

23 3. On January 23, 2023, in Decision No. 78846, the Commission extended the deadline
24 for Staff to Submit the Policy to the March 2023 Open Meeting.

25 4. Several parties filed comments regarding Finding of Fact No. 38:

- 26 • AriSEIA, Solar Stakeholders
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28

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<https://docket.images.azcc.gov/E000023965.pdf?i=1676994855474>

Staff Analysis and Recommendations

5. In crafting a Policy for the State of Arizona, Staff reviewed stakeholder comments and analyzed all filings in the Docket as well as thoroughly reviewed applicable State of Arizona regulations, laws, and community solar and storage policies in other jurisdictions.

6. Staff recommends that the structure for the Policy should protect the public interest, seek widespread adoption among low and moderate income ratepayers, provide Commission oversight, and protect non-participating ratepayers from cross-subsidization.

7. Attached to the Order as Attachment A is Staff's recommendation for the Arizona Corporation Commission Policy Statement regarding Statewide Community Solar and Storage for Commission consideration.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over public service corporations pursuant to Article XV section 2 of the Arizona Constitution.

2. The Commission has jurisdiction over the subject matter in this proceeding.

3. The Commission, having reviewed Staff's Memorandum, concludes that it is in the public interest to adopt the policy statement reflected in Attachment A.

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ORDER

IT IS THEREFORE ORDERED that the policy statement reflected in Attachment A, Arizona Corporation Commission Policy Statement Regarding Statewide Community Solar and Storage, is herein adopted.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN O'CONNOR

COMMISSIONER MARQUEZ PETERSON

COMMISSIONER TOVAR COMMISSIONER THOMPSON COMMISSIONER MYERS

IN WITNESS WHEREOF, I, KIM BATTISTA, Interim Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of March, 2023.

KIM BATTISTA
INTERIM EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

EOA:CCN:jn/KMU

**ARIZONA CORPORATION COMMISSION POLICY STATEMENT¹
REGARDING STATEWIDE COMMUNITY SOLAR AND STORAGE**

This document reflects the Arizona Corporation Commission's ("Commission") policy for a Statewide Community Solar and Storage program for regulated entities in the State of Arizona.

1. Structure of Community Solar in Arizona

- Participation in a Statewide Community Solar and Storage Program is optional for regulated electric utility companies that want to participate.
- A participating regulated electric utility company may offer community solar itself or via partnership with a third party.
- A participating regulated electric utility company should place emphasis on consumer education and disclosures and offer a bill credit at the lowest possible cost for the resource, not to exceed avoided cost.
- A participating regulated electric utility company should place emphasis on ratepayer protection from cross-subsidization.
- A participating regulated electric utility company should ensure program availability to low and moderate income ("LMI") and other identified customer classes.
- The Commission will maintain oversight of the program.

2. Location of Community Solar in Arizona

Community solar energy should be generated within a participating regulated electric utility company's service territory.

3. Percentage of Carveout for LMI Ratepayers

The percentage of LMI customers should be fifty percent of the total megawatts ("MWs") approved for a community solar and storage project. The remaining fifty percent MW capacity should be limited to non-profit (including faith-based organizations), schools, municipalities, extra small commercial, and small commercial customer classes.

4. Request for Proposal

A request for proposal model for community solar and storage projects in Arizona is appropriate.

5. Must Take

A must take requirement is not appropriate for Arizona's community solar and storage program.

¹ This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under section 41-1033, Arizona Revised Statutes, for a review of the statement.